

Amendment No. 3 to SB1151

Crutchfield
Signature of Sponsor

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Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 1151*

House Bill No. 1059

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, Part 24, is amended by adding the following as a new section:

Section 47-18-2404. (a)(1) Any solicitation to lend money to a person for the consolidation or payment of other indebtedness which will result in that person's owner-occupied residence becoming collateral or security for the loan or payment of money shall clearly state, in bold type at least as large as any used in the solicitation otherwise, or by a separate clearly stated written notice, in at least 10-point typeface, the following:

(A) Failure to make timely payments or to repay the loan will result in the borrower's home being subject to foreclosure.

(B) Additional information on debt consolidation loans is available from the Tennessee Department of Commerce & Insurance, Division of Consumer Affairs at 1-800-342-8385.

(2) Such solicitation shall, in like manner, state either one of the following, as appropriate:

(A) It is the obligation of the lender to make payments to prior lenders; or

(B) It is the obligation of the borrower to make payments to prior lenders.

(b) The provisions of this section shall apply to all solicitations, whether made through the mails, in person, by telephone, fax, or electronically, or through any other agency or medium to a resident of Tennessee.

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(c) Failure to comply with the provisions of this section shall subject the lender to damages up to three (3) times the amount of actual damages pursuant to § 47-18-109.

(d) The notices and obligations described in subsection (a) shall be clearly expressed in any debt consolidation contract or loan agreement consolidating such loans.

(e) The provisions of this section shall not apply to any state or national bank, credit union, savings and loan, or to any subsidiary or affiliate of any such state or national bank, credit union, savings and loan or any person or entity licensed by and subject to regulation by the department of financial institutions.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.